

S-E-C-R-E-T

30 September 1965

MEMORANDUM FOR THE DIRECTOR

SUBJECT: US Military Aid to India and Pakistan: [REDACTED]
[REDACTED]

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1. US economic and military aid to India and Pakistan has been extensive. US military aid of over a billion dollars has completely re-equipped the Pakistani army and air force, which are now almost wholly dependent on the US for spare parts and maintenance. There has been much less US military assistance to India, which, until 1962, chose to purchase military equipment from a variety of countries, primarily the UK. Following the Sino-Indian border war, the US granted India about \$120 million in military assistance, and in 1964 agreed to provide up to \$100 million of military equipment annually, half in aid and half in credits. In economic aid, the US has committed \$5.2 billion to India and \$2.9 billion to Pakistan. This assistance -- mostly long term development loans plus extensive food grains shipments -- has made a major contribution to the economic stability and growth of both countries.

2. These combined economic and military assistance programs have helped the US to acquire a considerable presence and influence,

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3. US military aid to India and Pakistan was stopped when the two began fighting in September 1965, but economic aid has continued though no new programs have been started. Both countries have asked for a resumption of military aid. Were the US to refuse, both would look for alternative sources of supply. India would probably be successful; the Soviets have already promised to provide about \$400 million worth of military equipment, and are likely to agree to provide a great deal more -- on generous and economically bearable terms. Such a development would raise the possibility of a Soviet monopoly in supplying the Indian military. Provided that US economic aid continued, however, India would try to avoid additional strains on its relations with the US.

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4. Continued arming of India by the USSR would frighten Pakistan and cause it to put heavy pressure on the US to resume military aid. If the US still refused, Pakistan would seek aid from the USSR, which would be unlikely to respond affirmatively, though it might try to temporize in the hope of finally breaking Pakistan's connections with the US. If Pakistan saw India getting Soviet arms while it got nothing from either side, it would face a painful dilemma. It could accept a permanent Indian superiority, turn its attention to economic development and hope that its Western friends could provide it with some measure of security. However, Pakistan's current disillusionment with its Western allies is such that we consider this course highly unlikely.

5. Pakistan might, as a desperate measure, renew hostilities against India. It might turn to a closer relationship with China and Indonesia. Though Ayub probably does not favor either of these policies, he is already under domestic pressure to adopt radical courses and this pressure would rise steeply in the situation described. This would be particularly the case as long as emotions, now aroused by the war, remain high. Many Pakistanis feel that the US "betrayed" them by cutting off its

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military assistance, [REDACTED]

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[REDACTED]
A second "betrayal," and one that so clearly favored India, would greatly increase the tension. In the process, with the thought that Pakistan now had little to lose vis a vis the US, it is likely [REDACTED]

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[REDACTED]

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6. Thus the US will feel growing pressure to resume arms aid to both countries: to India, to prevent the Soviets from getting a monopoly on supplying its military forces, and to Pakistan, to prevent a total break with the West and an alliance with Peking. [REDACTED]

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[REDACTED] However, the whole relationship between India and Pakistan, and between them and the principal states of the rest of the world, are likely to be different from what they were before the current conflict. Developments in these general relationships will have an impact, as yet unpredictable, [REDACTED]

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[REDACTED]

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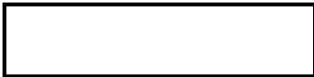
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7. Economic Aid. Both India and Pakistan depend heavily on US aid for their economic development programs, and India in particular looks to PL 480 for food. The response of India or Pakistan to a threat to cut off US economic aid would largely depend on what the recipient was being asked to do to prevent such termination. If either were requested to do something it considered completely contrary to its national interest, e.g., were India asked now to give up all of Kashmir immediately, or Pakistan to drop the Kashmir issue, each would refuse, no matter how severe the consequences.

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On the other hand, such threats could lead both countries to accept more modest demands.

FOR THE BOARD OF NATIONAL ESTIMATES:

for 
SHERMAN KENT
Chairman

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SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM			
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CENTRAL INTELLIGENCE AGENCY OFFICIAL ROUTING SLIP			
TO	NAME AND ADDRESS	DATE	INITIALS
1	FCI		
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ACTION		DIRECT REPLY	PREPARE REPLY
APPROVAL		DISPATCH	RECOMMENDATION
COMMENT		FILE	RETURN
CONCURRENCE		INFORMATION	SIGNATURE
<p>Remarks: Attached is the memo which you requested. I hope it meets your requirement.</p> <p>From our somewhat isolated position we wonder if the subject matter here dealt with will be of much assistance to top policy-making echelons. After all, they have been seized of this problem for more than a month and, to us, would seem to be familiar with all its angles. However, we realize that you are in a better position than we to judge the memo's utility to this group.</p> <p>Messrs. Helms, Cline, and Sheldon have copies of this memo and may wish to discuss it with you.</p>			
FOLD HERE TO RETURN TO SENDER			
FROM: NAME, ADDRESS AND PHONE NO.			DATE
Shirley Kent			30 Sept 65
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